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Southern California Edison Company's
Application For Approval of Embedded
Energy Efficiency Pilot Programs for
2007-2008.

Application 07-01-024
(Filed January 16, 2007)

Application of Pacific Gas and Electric
Company Seeking Approval of Water-
Embedded Energy Savings Pilot Program
(U 39 M)

Application 07-01-026
(Filed January 16, 2007)

San Diego Gas & Electric Company (U-
902-E) for Approval of Energy & Water
Efficiency Partnership and Budget for Years
2007 Through 2008.

Application 07-01-029
(Filed January 16, 2007)

Southern California Gas Company
(U-904-G) for Approval of Energy & Water
Efficiency Partnership and Budget for Years
2007 Through 2008.

Application 07-01-030
(Filed January 16, 2007)

**RESPONSE OF THE DIVISION OF RATEPAYER ADVOCATES TO
THE MOTIONS OF SAN DIEGO GAS AND ELECTRIC COMPANY
AND SOUTHERN CALIFORNIA GAS COMPANY**

I. INTRODUCTION

On January 24, 2007, San Diego Gas and Electric Company (SDG&E) filed a motion requesting approval to expend up to \$25,000 for start-up activities prior to the Commission's approval of its Application (A.) 07-01-029, which proposes pilot programs to address embedded energy savings resulting from water conservation. That same day, Southern California Gas Company (SoCalGas) filed a similar motion seeking authority to spend up to \$25,000 on start up activities in

advance of the Commission's approval of the embedded energy water pilot programs SoCalGas proposed in A.07-01-030.

The Chief Administrative Law Judge (ALJ) issued a ruling on January 19, 2007 consolidating the embedded energy water pilot applications of SDG&E and SoCalGas into a single docket, along with the pilot program applications of Pacific Gas and Electric Company and Southern California Edison Company. Given the consolidation of the applications, and the substantial overlap in the issues posed by the two motions, the Division of Ratepayer Advocates (DRA) submits the following response to the two motions.¹ As discussed below, DRA respectfully requests that the Commission deny the two motions without prejudice to granting them at a later date when the contours of the ultimate pilot projects become clearer.

II. DISCUSSION

A. SDG&E's request for \$25,000 to issue Requests for Proposal (RFPs) for the Consumer Audit and Recycled Water Strategies and development of coordinated processes to pay incentives to program participants

SDG&E requests Commission authority to spend up to \$25,000 on program activities prior to Commission approval of its proposed water pilot applications. SDG&E states that its Customer Audit and Recycled Water strategies² require the

¹ DRA's response is timely filed consistent with Rule 11.1(e) of the Commission's Rules of Practice and Procedure, which requires that responses to motions be filed within 15 days of the date the motion was served.

² See prepared Direct Testimony of Mark Gaines, pp. 4-6.

issuance of RFPs in advance of program in order to make sure that contracts are in place that would allow SDG&E to approve programs as soon as possible after the Commission approves its application. Development of coordinated processes with the San Diego County Water Authority to pay incentives to program participants must also begin in advance of program approval, according to SDG&E. SDG&E contends that undertaking these activities before approval of its Application is necessary to meet the Commission's July 1, 2007 announced deadline for starting the embedded energy water pilot projects.³

SDG&E claims that granting its request would be analogous to action that the Commission took in Decision (D.) 05-09-043,⁴ when

“the Commission recognized that start-up activities would be required to implement on-bill financing in 2006 and therefore allowed carry forwards of 2006 funds into 2005.”

According to SDG&E, the current circumstance is similar and justifies Commission approval of its request.

B. SoCalGas's request for \$25,000 for administrative activities including the development of coordinated processes to pay incentives to program participants

SoCalGas seeks approval to spend as much as \$25,000 prior to Commission approval of its Application, in order to begin activities that it claims are necessary to meet the July 1, 2007 start date for the embedded energy water pilots. Those activities include administrative functions such as the development of coordinated processes with the Metropolitan Water District to pay incentives to program participants. SoCalGas cites D.05-09-043's authorization of 2006 program dollars for 2005 program activities in support of its request.

³ October 16, 2006 Assigned Commission Ruling (ACR) issued in Rulemaking 06-04-010, p. 3.

⁴ D.05-09-043, pp. 153-154.

C. The Commission should deny the requests for funding in advance of program approval as premature at this time.

DRA recognizes that the SDG&E and SoCalGas are working under a tight deadline to begin program roll out by July 1, 2007, and commends their efforts to meet this deadline. Nevertheless, there are too many uncertainties about the ultimate goals and design of the embedded energy water pilot projects to begin implementation activities until at a minimum, after the Commission has held workshops and issued clarifying guidance about the design and goals of the embedded energy water pilots. DRA's January 29, 2007, prehearing conference statement highlighted some of those issues that must be clarified in order to design effective pilots, including the requirements that proposed pilot projects identify where savings are likely to occur, that they compare water and energy usage as part of pilot outcomes, and that they include an analysis of ratepayer benefits and costs and any risk to ratepayers. Only after these and other requirements are more clearly defined should implementation of pilot projects begin.

The Commission's decision in D.05-09-043 to authorize the utilities to spend 2006 program dollars on 2005 program activities is distinguishable from the present request to spend program dollars in advance of the embedded energy water pilot approval, because in that case, the parameters of the programs were better defined. Some, such as on-bill financing, had been the subject of extensive comment, while others were existing programs:

“It makes no sense to limit program offerings or close down programs in the final months of 2005 when program dollars are exhausted because, when those program would otherwise be continued or expanded during the 2006-2009 program cycle with the funding we authorize today.”⁵

⁵ D.05-09-043, p. 153.

In contrast, here the proposed pilot programs may undergo extensive revisions following the anticipated workshop and ruling clarifying the goals and design of the embedded energy water pilots. An RFP issued now may not result in the selection of contractors appropriate for the pilots that ultimately result. Any “development of coordinated processes” undertaken now may not produce optimum results for the pilots that the Commission approves. Resources expended now, before the goals and design of the embedded energy water pilots are clarified, would therefore be wasted.

III. CONCLUSION

DRA respectfully requests that the Commission deny the motions of SDG&E and SoCalGas to expend up to \$25,000 each for start up activities in advance of Commission approval of their embedded energy water pilots. DRA requests that the motions be denied without prejudice to the ability of SDG&E and SoCalGas ability to renew their motions after the Commission has conducted a workshop on the embedded energy water pilots, and issued clarifying guidance on the design and scope of the pilots. If necessary, the Commission should delay the start date for the pilot programs in order to allow the utilities to begin start up activities after the Commission has clarified the goals and design of the embedded energy water pilot programs.

Respectfully submitted,

/s/ DIANA L. LEE

DIANA L. LEE
Staff Counsel

Attorney for the Division of
Ratepayer Advocates

California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-4342
Email: dil@cpuc.ca.gov

February 8, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of each document
“RESPONSE OF THE DIVISION OF RATEPAYER ADVOCATES to
THE MOTIONS OF SAN DIEGO GAS AND ELECTRIC COMPANY
AND SOUTHERN CALIFORNIA GAS COMPANY” in **A.07-01-024, et al.**,
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Executed on February 8, 2007, at San Francisco, California.

/s/ ANGELITA MARINDA

Angelita Marinda

N O T I C E

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